

## 7 Pricing Proposal

This section describes the format and content of Bidder's pricing responses. This portion of the proposal must be bound and sealed separately from the remainder of the proposal. Cost data must not be shown in any other part of the Proposal. Non-compliance with these requirements will result in disqualification. Unless noted otherwise, prices quoted shall apply for the duration of the term of contract. Quoted prices shall be irrevocable for 180 days following the scheduled date for Contract Award specified in Section 1.5, Key Action Dates.

Bidders should be conscious of the effect of cost neutrality on the amount anticipated to be available for funding this project. EBT operations for food stamps in California must be at least cost neutral in relation to the paper-based issuance systems. In other words, the cost for all EBT services for food stamps cannot exceed the costs of the present paper-based benefit delivery systems that will be replaced by EBT. The State reserves the right to reject any and all proposals that are not within this parameter.

California's federal cost neutrality number is not yet available. However, the State has determined a State cost range for the Food Stamp program that Bidders may consider -- \$3.32 - \$4.96. Bidders must take into consideration that all cost elements will fall within this State cost range: amortized DDI, cost per case month, state and county one-time and ongoing costs.

### 7.1 Pricing Response Schedules

Bidders shall present their proposed project prices in the formats provided in this section. If an item has no cost, enter the numeral "0" rather than leaving a blank. If any character other than a numeral is used (e.g., a dash) or an item is left blank, the State will assume the cost of the item to be zero. The Schedules are to be used in the format presented (i.e., do not make any additions, deletions, or changes to the Schedules). Responses that do not provide price proposals in the required format will be considered non-responsive (See Section 2.3.8.4, Errors in the Final Proposal) and will not receive further consideration.

Bidder must provide cost information that supports the cost of each schedule. The supporting cost information must include an explanation of the methodology and assumptions used to arrive at the cost. Bidders must clearly explain the relationship between the supporting cost information and the cost. Bidders may submit the supporting cost information in any format.

#### 7.1.1 Pricing for Design, Development, and Implementation

Design, Development, and Implementation costs will be paid separately from the core services bid for the operation of the EBT system. Bidders must provide pricing for each phase. The price must include, but is not necessarily limited to, the costs for each of the following tasks:

Design Phase: Begins with the contract award and ends when the EBT system, the standard batch eligibility interface, and the standard host-to-host eligibility interface are ready for coding and testing. The associated tasks include the following:

- Finalizing Project Work Plan
- System design, documentation, and design review
- Joint Application Development
- Drafting Operations and User's Manuals
- Drafting training materials
- Drafting System Test Plan and procedures
- Finalizing the Statewide Implementation Plan

Development Phase: Begins with coding and testing and ends when the EBT system, the standard batch eligibility interface, and the standard host-to-host eligibility interface are ready for deployment. The associated tasks include the following:

- Developing and testing system software
- Developing and testing interfaces
- Finalizing Users' Manuals, training materials, and System Test Plans
- Performing the Functional Demonstration
- Performing the Acceptance Tests
- Finalizing System Design Documentation

### SCHEDULE 1a: DESIGN & DEVELOPMENT

| Phase       | Cost |
|-------------|------|
| Design      |      |
| Development |      |
| Total       |      |

Implementation Phase: Begins with the deployment of the system in the Pilot County and ends with the conversion of the final case in the final region. The Bidder must include in Schedule 1b all costs associated with implementation tasks, unless priced separately in another Schedule (e.g., conversion, POS deployment, etc.)

### SCHEDULE 1b: IMPLEMENTATION

| County       | Cost        |                 |
|--------------|-------------|-----------------|
|              | Food Stamps | Cash Assistance |
| Alameda      |             |                 |
| Alpine       |             |                 |
| Amador       |             |                 |
| Butte        |             |                 |
| Calaveras    |             |                 |
| Colusa       |             |                 |
| Contra Costa |             |                 |
| Del Norte    |             |                 |
| El Dorado    |             |                 |
| Fresno       |             |                 |
| Glenn        |             |                 |
| Humboldt     |             |                 |
| Imperial     |             |                 |
| Inyo         |             |                 |
| Kern         |             |                 |
| Kings        |             |                 |

|                 |  |  |
|-----------------|--|--|
| Lake            |  |  |
| Lassen          |  |  |
| Los Angeles     |  |  |
| Madera          |  |  |
| Marin           |  |  |
| Mariposa        |  |  |
| Mendocino       |  |  |
| Merced          |  |  |
| Modoc           |  |  |
| Mono            |  |  |
| Monterey        |  |  |
| Napa            |  |  |
| Nevada          |  |  |
| Orange          |  |  |
| Placer          |  |  |
| Plumas          |  |  |
| Riverside       |  |  |
| Sacramento      |  |  |
| San Benito      |  |  |
| San Francisco   |  |  |
| San Joaquin     |  |  |
| San Luis Obispo |  |  |
| San Mateo       |  |  |
| Santa Barbara   |  |  |
| Santa Clara     |  |  |
| Santa Cruz      |  |  |
| Shasta          |  |  |
| Sierra          |  |  |
| Siskiyou        |  |  |
| Solano          |  |  |
| Sonoma          |  |  |
| Stanislaus      |  |  |
| Sutter          |  |  |
| Tehama          |  |  |
| Trinity         |  |  |
| Tulare          |  |  |
| Tuolumne        |  |  |
| Ventura         |  |  |
| Yolo            |  |  |
| Yuba            |  |  |
| Total           |  |  |

**NOTE: The cost to implement cash assistance shall be shown for each county whereas the cost to implement food stamps shall be shown as a total statewide cost.**

For conversion from paper based benefit issuance to EBT, each county shall have the option to use an over-the-counter conversion methodology or a mail-based conversion methodology. Therefore, Bidders must provide on Schedule 1c pricing for both methods of conversion as described in Section 6.8.1.

**SCHEDULE 1c: CONVERSION**

| Item                        | Cost Per Case |
|-----------------------------|---------------|
| Over-the-Counter Conversion |               |
| Mail-Based Conversion       |               |

### 7.1.2 Pricing for Core Services

Core services costs shall be quoted as a cost per case per month (CPCM). The CPCM represents the fixed cost to deliver the specified category of services to a single case for one month. Pricing for optional services, equipment, and cash withdrawal transactions shall not be included on Schedule 2a or 2b, as separate schedules are provided to capture these costs. A "case" is defined as the single beneficiary unit receiving benefits from one or more programs through a single account. For example, a beneficiary unit receiving food stamps through a single account would represent a food stamp only case or account. Similarly, a beneficiary unit receiving one or more cash benefits through a single account would represent a cash only case or account. A beneficiary unit receiving both food stamps and cash assistance through two or more accounts would represent a single, combined case. The Bidder shall apply the quoted CPCM to all active cases (i.e., cases for which one or more benefit authorizations have been posted during the billing month).

Pricing will be volume based or "tiered", dependent upon the actual number of active cases on the EBT system. While program specific caseload data presented in Appendix D may be used to project caseload and transaction volume, caseload levels are not guaranteed. Due to program changes and other factors affecting the programs, the projected caseload volumes are subject to change. Cash assistance and food stamp caseloads have at times increased or decreased. Therefore, Bidders must provide a price for each pricing tier shown on Schedule 2. The price must include, but is not necessarily limited to, the costs for each of the following:

- Account Set-up and Benefit Authorization
- Account Maintenance
- Transaction Processing<sup>1</sup>
- Customer Service (priced at Level 1 Service and Level 2 Service)<sup>2</sup>
- Retailer Management
- Batch Processing
- Settlement
- Reporting

Bidders must provide pricing for core services for each of the following caseload volumes and programs. Monthly billings to the State shall be based on the quoted CPCM in the pricing tier that corresponds to the total actual number of active cases systemwide. For example, if the total number of active food stamp only cases, cash assistance only cases, and combined food stamp and cash assistance cases in a month equals 400,000 cases, then tier 4 pricing would be used for each category.

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<sup>1</sup> Each FSP case will be provided an unlimited number of food stamp POS transactions each month. Each cash assistance case (CalWorks or GA) will be provided an unlimited number of purchase and purchase with cash back POS transactions each month. Any costs to the Contractor will be included in the CPCM and not charged or accounted for separately.

<sup>2</sup> The cost for Levels 1 and 2 as specified in Section 6.11.4 must be included in the CPCM on Schedule 2a or Schedule 2b, respectively.

**SCHEDULE 2a: CORE SERVICES with Level 1 Customer Service<sup>3</sup>**

| <b>Tier</b> | <b>Cases</b>          | <b>Food Stamps Only</b> | <b>Cash Only</b> | <b>Combined</b> |
|-------------|-----------------------|-------------------------|------------------|-----------------|
| 1           | 1 – 100,000           |                         |                  |                 |
| 2           | 100,001 – 200,000     |                         |                  |                 |
| 3           | 200,001 – 300,000     |                         |                  |                 |
| 4           | 300,001 – 400,000     |                         |                  |                 |
| 5           | 400,001 – 500,000     |                         |                  |                 |
| 6           | 500,001 – 600,000     |                         |                  |                 |
| 7           | 600,001 – 700,000     |                         |                  |                 |
| 8           | 700,001 – 800,000     |                         |                  |                 |
| 9           | 800,001 – 900,000     |                         |                  |                 |
| 10          | 900,001 – 1,000,000   |                         |                  |                 |
| 11          | 1,000,001 – 1,100,000 |                         |                  |                 |
| 12          | 1,100,001 – 1,200,000 |                         |                  |                 |
| 13          | 1,200,001 – 1,300,000 |                         |                  |                 |
| 14          | 1,300,001 – 1,400,000 |                         |                  |                 |
| 15          | 1,400,001 – 1,500,000 |                         |                  |                 |
| 16          | 1,500,001 – 1,600,000 |                         |                  |                 |
| 17          | 1,600,001 – 1,700,000 |                         |                  |                 |
| 18          | 1,700,001 – 1,800,000 |                         |                  |                 |
| 19          | 1,800,001 – 1,900,000 |                         |                  |                 |
| 20          | 1,900,001 – 2,000,000 |                         |                  |                 |
| 21          | Over 2,000,000        |                         |                  |                 |

**SCHEDULE 2b: CORE SERVICES with Level 2 Customer Service<sup>4</sup>**

| <b>Tier</b> | <b>Cases</b>          | <b>Food Stamps Only</b> | <b>Cash Only</b> | <b>Combined</b> |
|-------------|-----------------------|-------------------------|------------------|-----------------|
| 1           | 1 – 100,000           |                         |                  |                 |
| 2           | 100,001 – 200,000     |                         |                  |                 |
| 3           | 200,001 – 300,000     |                         |                  |                 |
| 4           | 300,001 – 400,000     |                         |                  |                 |
| 5           | 400,001 – 500,000     |                         |                  |                 |
| 6           | 500,001 – 600,000     |                         |                  |                 |
| 7           | 600,001 – 700,000     |                         |                  |                 |
| 8           | 700,001 – 800,000     |                         |                  |                 |
| 9           | 800,001 – 900,000     |                         |                  |                 |
| 10          | 900,001 – 1,000,000   |                         |                  |                 |
| 11          | 1,000,001 – 1,100,000 |                         |                  |                 |

<sup>3</sup> Includes the cost for CSC Performance Standard Level 1 as specified in Section 6.11.4.

<sup>4</sup> Includes the cost for CSC Performance Standard Level 2 as specified in Section 6.11.4.

| Tier | Cases                 | Food Stamps Only | Cash Only | Combined |
|------|-----------------------|------------------|-----------|----------|
| 12   | 1,100,001 – 1,200,000 |                  |           |          |
| 13   | 1,200,001 – 1,300,000 |                  |           |          |
| 14   | 1,300,001 – 1,400,000 |                  |           |          |
| 15   | 1,400,001 – 1,500,000 |                  |           |          |
| 16   | 1,500,001 – 1,600,000 |                  |           |          |
| 17   | 1,600,001 – 1,700,000 |                  |           |          |
| 18   | 1,700,001 – 1,800,000 |                  |           |          |
| 19   | 1,800,001 – 1,900,000 |                  |           |          |
| 20   | 1,900,001 – 2,000,000 |                  |           |          |
| 21   | Over 2,000,000        |                  |           |          |

Cash withdrawal fees will be paid by the State separately from core services. The State will pay only for the actual number of cash withdrawal transactions up to the maximum of four per month. The transaction fees shall be priced on Schedule 2c as a cost per unit.

#### **SCHEDULE 2c: CASH WITHDRAWAL TRANSACTION FEES**

| Item                | Cost Per Unit |
|---------------------|---------------|
| ATM Cash Withdrawal |               |
| POS Cash Withdrawal |               |

#### **7.1.3 Pricing for County Specific Services**

This pricing category is for optional services that are specific to a particular county. They include:

##### **7.1.3.1 Card Issuance**

For issuance of new or replacement cards after conversion, each county shall have the option to issue cards over-the-counter or have the Contractor mail cards to the recipient. Bidders shall present on Schedule 3 pricing table the unit cost to have the Contractor mail cards to the recipients. Counties electing this option will pay only for the actual number of cards issued.



#### 7.1.3.2 PIN Issuance

Counties electing mail-based card issuance will also use mail based PIN issuance for new and replacement cards. Bidders shall present on Schedule 3 pricing table, the unit cost to have the Contractor mail PINs to the recipient. Counties electing this option will pay only for the actual number of PINs issued.

#### 7.1.3.3 Coupon Conversion

Each county shall have the option of storing coupons and converting electronic benefits to food coupons locally or having the Contractor handle food coupon conversion for recipients who are leaving the EBT project area and request to have their electronic benefits converted to food stamp coupons. This service shall be priced on Schedule 3 as a cost per unit.

### SCHEDULE 3: COUNTY SPECIFIC SERVICES

| Item                          | Cost Per Unit |
|-------------------------------|---------------|
| New/Replacement Card Issuance |               |
| PIN Issuance                  |               |
| Coupon Conversion             |               |

#### 7.1.4 Pricing for POS Terminals

The POS equipment will be paid by the State or retailer at a fixed cost per unit. Pricing for this equipment must be provided on Schedule 4 in two ways: 1) As a cost per unit to purchase equipment, and 2) as a per unit lease fee. The State reserves the right to select the payment method, either up-front payment for POS terminal deployment or payment on a per unit lease fee basis. The State intends to pay the lease fee only for the actual number of terminals deployed in the State during the monthly billing period.

A retailer with less than \$100 per month in Food Stamp redemptions may arrange to obtain its own POS terminals at its own expense. In addition, any retailer can request terminals to be installed at its own cost in addition to the maximum number of POS devices that the State will provide at no cost to the retailer.

POS equipment includes the terminal, PIN pad, printer, cabling and supporting software and other peripheral equipment necessary to support POS functionality. Pricing must include costs for delivery and set-up and must be broken down into the components shown in Schedules 4a through 4c.

**NOTE: The actual cost of phone lines will be billed separately as a pass through to the State.**

**SCHEDULE 4a: PURCHASE OF POS EQUIPMENT**

| Item          | Cost Per Unit |
|---------------|---------------|
| POS Equipment |               |

**SCHEDULE 4b: LEASE OF POS EQUIPMENT**

| Item          | Monthly Lease Fee Per Unit |
|---------------|----------------------------|
| POS Equipment |                            |

**SCHEDULE 4c: MAINTENANCE OF POS EQUIPMENT**

| Item          | Monthly Cost Per Unit |
|---------------|-----------------------|
| POS Equipment |                       |

[Deleted Schedule 4d]

**7.1.5 Pricing for Administrative Equipment**

CWD offices may be equipped with at least one administrative terminal, a card embosser and a PIN selection device for over-the-counter card issuance. Refer to the Bidders' Library for a listing of CWD offices. Administrative terminals must also be provided for State offices and the FNS Field office.

Pricing for this equipment must be provided on Schedule 5 in two ways: 1) As a cost per unit to purchase equipment, and 2) as a per unit lease fee. The State intends to pay the lease fee only for the actual number of terminals deployed in the State during the monthly billing period. The State reserves the right to select the payment method. Bidder should also note the State reserves the right to mix and match payment methods by type of equipment. Pricing must include costs for delivery and set-up and must be broken down into the components shown in Schedules 5a through 5c. The Contractor shall supply administrative function software and communication protocols so that administrative transactions may be initiated from government-owned terminals or PCs at no cost.

**NOTE: The actual Contractor's cost of telecommunications between each device and the Contractor's host will be billed separately as a pass through to the State.**

**SCHEDULE 5a: PURCHASE OF ADMINISTRATIVE EQUIPMENT**

| Item                                | Cost Per Unit |
|-------------------------------------|---------------|
| PIN Selection and Encryption Device |               |
| Card Embosser                       |               |
| Administrative Terminal             |               |

**SCHEDULE 5b: LEASE OF ADMINISTRATIVE EQUIPMENT**

| Item                                | Monthly Lease Fee Per Unit |
|-------------------------------------|----------------------------|
| PIN Selection and Encryption Device |                            |
| Card Embosser                       |                            |
| Administrative Terminal             |                            |

**SCHEDULE 5c: MAINTENANCE OF ADMINISTRATIVE EQUIPMENT**

| Item                                | Monthly Cost Per Unit |
|-------------------------------------|-----------------------|
| PIN Selection and Encryption Device |                       |
| Card Embosser                       |                       |
| Administrative Terminal             |                       |

**7.1.6 Pricing for Personnel Billing Rates****7.1.6.1 Change Order Rate**

The Bidder is to list here the personnel costs associated with design and development work that may be charged for future changes. Bidders must include fully loaded hourly rates by category of personnel on Schedule 6a. . If the Bidder proposes staff in addition to those identified in Schedule 6a, the Bidder shall enter the average hourly rate of the combined additional staff in the "other" category of Schedule 6a. These rates will be adjusted annually using the Consumer Price Index (CPI).

**SCHEDULE 6a: CHANGE ORDER RATE**

| Position Title     | Hourly Rate |
|--------------------|-------------|
| Project Manager    |             |
| Programmer/Analyst |             |
| Programmer         |             |
| Other              |             |
| TOTAL              |             |

**7.1.6.2 Pricing for EBT System Innovation**

The State is interested in obtaining input from the Contractor regarding system innovations that will enhance or improve the EBT system. Bidders must include fully loaded hourly rates by category of personnel on Schedule 6b. These rates will be adjusted annually using the Consumer

Price Index (CPI).

**SCHEDULE 6b: SYSTEM INNOVATION RATE**

| Position Title              | Hourly Rate |
|-----------------------------|-------------|
| Project Manager             |             |
| Business Process Specialist |             |
| System Analyst              |             |
| Applications Analyst        |             |
| TOTAL                       |             |

**7.1.7 Community Based Organization Training**

The Contractor shall provide EBT group training and materials for staff of community based organizations (CBO). The county, in cooperation with the State, will identify CBOs designated to receive EBT training. The Bidder must specify on this schedule the cost of this training per session.

**SCHEDULE 7: COMMUNITY BASED ORGANIZATION TRAINING**

| Item         | Cost per Session |
|--------------|------------------|
| CBO Training |                  |

**7.1.8 Recipient Fees**

The Bidder must specify on this schedule any fee to be charged to recipients for cash withdrawals that exceed the first four per month. Bidder must also specify any fee to be charged to recipients for ATM balance inquiries.

**SCHEDULE 8: RECIPIENT FEES**

| Item   | Cost per Unit |
|--|---------------|
| Cash withdrawals at POS after first four cash withdrawals (ATM or POS) per month |               |
| Cash withdrawal at ATM after first four cash withdrawals (ATM or POS) per month  |               |
| ATM Balance Inquiries  |               |